

EXHIBIT D



Mediation: Summary of Cash Restriction Analysis

October 2, 2019



Executive Summary

- The FOMB and its advisors have conducted an extensive analysis of cash at the Commonwealth and its related entities to determine relevant restrictions
 - AAFAF involvement and support has facilitated greater cooperation and information flow
 - Analysis included both public corporations and the Commonwealth and its agencies, the latter on a granular account-level basis
 - All accounts at the Commonwealth and its agencies that held over \$6.9 million in cash or securities were reviewed, or approximately 98% of the total balance
 - Unlike AAFAF reporting, the FOMB and EY included both cash and securities accounts in the review
 - Analysis based on figures and account balances available as of fiscal year-end 2019 (June 30, 2019)
- Analysis currently estimates \$6.9 billion of unrestricted cash
 - Given cash requirements under the current draft of the Plan, unrestricted cash for creditors beyond the requirements of the Excess Cash definition is limited at this point
- Though the analysis is substantially final, FOMB and AAFAF teams are continuing to diligence other key items, including commitments under federal consent decrees and specific restricted amounts within certain accounts
- Goal is to provide creditor advisors access to documentary back-up for restricted accounts after the October 2nd presentation
 - Objective to provide maximum transparency to the creditor community without compromising certain confidential and/or sensitive account-level information



A large portion of the Commonwealth's fiscal outperformance has been the result of temporary and one-time items, several of which are discussed below.

	Description
Corporate Income Tax	<ul style="list-style-type: none"> ▪ The Corporate Income Tax ("CIT") revenue uptick is likely to be temporary ▪ While CIT increased 40% year-over-year, the May Fiscal Plan forecasted 23% growth and several more years of above-trend collections before reverting to historical levels ▪ Mainland US and OECD economies on average do not sustain these types of booms ▪ Risk due to the concentration of a few large corporate entities that could leave Puerto Rico or become less profitable
Act 154	<ul style="list-style-type: none"> ▪ Act 154 excise tax revenues are vulnerable with the loss of federal tax creditability or firm investment priorities, federal tax reform, and supply chain diversification
Motor Vehicle Tax	<ul style="list-style-type: none"> ▪ After four quarters of year-over-year growth in motor vehicle tax revenues, the trend has subsided and growth appears to be slowing ▪ The surge in FY18-FY19 was likely a pull forward of demand



The total cash balance can be broken down into several component categories to facilitate analysis. Unrestricted cash represents potential value available to Commonwealth Title III creditors.

		Amount	Description
Public Corporations	Separate Fiscal Plan / Title III Filing	\$5,111	<ul style="list-style-type: none"> ERS, COFINA, COSSEC, CRIM, GDB, HTA, PBA, PRASA, PREPA, and UPR Cash presumed to be addressed through individual fiscal plans
	Receiving General Funds	991	<ul style="list-style-type: none"> Public corporation unrestricted cash based on (i) working capital requirement (2 months of Special Revenue Fund and Federal Fund FY2020 budget) and (ii) FY2020 appropriations
	Not Receiving General Funds	1,381	<ul style="list-style-type: none"> Treated as restricted as the FOMB lacks recourse to access cash by reducing FY2020 appropriations
Plan of Adjustment Entities	Commonwealth Treasury	8,410	<ul style="list-style-type: none"> TSA assumed to be unrestricted other than emergency funds and estimated federal funds surplus Hacienda classifications based upon individual account review
	Agencies	1,975	<ul style="list-style-type: none"> Conducted individual account review to classify into the following categories: <ul style="list-style-type: none"> Restricted categories include emergency, federal funds, court order, federal law, third parties, third party contract, and bond funds Budget appropriations and cash earmarked (but not pledged) for creditors treated as unrestricted
	Not Reviewed	190	<ul style="list-style-type: none"> Plan of Adjustment entities not yet reviewed Remaining \$190 million held in 349 accounts Accounts will be reviewed on rolling basis to finalize restriction analysis



Summary of Definitions for Account Analysis

Restricted Accounts

Court Order	Federal court order restricting use of funds.
Emergency	Funds restricted for emergency use by the FOMB.
Federal Funds	Funds received from the Federal Government for specific uses.
Federal Law	Funds restricted by federal laws or regulations.
Third Party	Funds belonging to third parties and held by a government entity in custodial or other segregated accounts.
Bond Funds	Tax-exempt bond proceeds with restricted use under the IRC.
Third Party Contract	Funds restricted for use due to contracts with third parties (e.g. debt service reserve funds held by Trustee).

Unrestricted Accounts

Unrestricted	Funds that do not have legal restrictions regardless of whether such funds were generated by a government entity or appropriated to such entity by the Commonwealth under Puerto Rico law.
---------------------	--



Sources of Cash: 6/30/19 Measurement Date

(\$ in millions)

	Unrestricted	Restricted	Total	Note
<u>Public Corporations:</u>				
Separate Fiscal Plan / Title III Entity ⁽¹⁾	\$27	\$5,084	\$5,111	A
Receiving General Funds	119	871	991	B
Not Receiving General Funds	—	1,381	1,381	C
Subtotal	\$146	\$7,336	\$7,482	
<u>Plan of Adjustment Entities:</u>				
Commonwealth Treasury (TSA + Hacienda)	\$6,523	\$1,887	\$8,410	D
Agencies ⁽²⁾	235	1,739	1,975	D
Not Reviewed	—	—	190	E
Subtotal	\$6,759	\$3,626	\$10,575	
Total	\$6,905	\$10,962	\$18,057	

(1) Includes ERS, COFINA, COSSEC, CRIM, GDB, HTA, PBA, PRASA, PREPA, and UPR.

(2) Includes \$10mm of “inconclusive” accounts treated as unrestricted for the purposes of this table and which are subject to ongoing review.



Uses of Cash: 6/30/2019 Measurement Date

(\$ in millions)

	As of May 31, 2019	As of June 30, 2019
	As of PSA Signing (AAFAF Data)	Revised Analysis (EY Data)
Total Cash	\$14,010	\$14,730
Total Investments	—	3,327
(-) Non-Commonwealth Restricted / Non-Title III Entities	(2,904)	(7,336)
(-) Commonwealth and its Agencies Restricted	(4,157)	(3,626)
(-) Not Reviewed	—	(190)
(-) Timing Adjustments	(882)	—
Potential Eligible PSA Cash	6,067	6,905
<u>PSA Requirements (Excess Cash Definition)</u>		
(-) Working Capital Requirement	(2,000)	(2,000)
(-) Base Cash Consideration to GO / PBA Creditors	(2,000)	(2,000)
(-) Union and Retiree Settlements	(1,600)	(1,600)
(-) Cash / Bond Consideration Toggle	(400)	(400)
(-) Maximum Excess Cash	(900)	(900)
Potential PSA Unrestricted Cash	(833)	5
(-) Federal Consent Decrees	—	TBD
(-) Convenience Class	—	(200)
(-) Cash Required to Purchase ERS Assets ⁽¹⁾	(632)	(632)
Potential Remaining Cash / (Deficit)	(\$1,465)	(\$827)
<u>Memo: Bridge to June 30, 2019</u>		
Additional TSA Cash Through June 28, 2019	\$339	
Convenience Class	(200)	
Additional Cash Determined to be Unrestricted	499	
Adjusted Remaining Cash	(\$827)	

(1) Calculated as 95% of \$479mm of Employee Loans, 50% of \$75mm of private equity investments, and \$139mm of COFINA holdings.



Appendix



A Public Corporations with Own Fiscal Plan / Title III Filing

(\$ in millions)

Entity	FY2020 Commonwealth Budget				Non-CW Budget	Total Cash	Potential	Implied
	General Fund	Special Revenue Fund	Federal Funds	Total			Unrestricted Cash	Restricted Cash
Employee Retirement System	\$9	\$38	—	\$47	—	\$705 ⁽³⁾	\$9	\$696
COSSEC	—	—	—	—	—	313	—	313
CRIM (Fiscal Plan and Budget certification in process)	—	—	—	—	—	55	—	55
Government Development Bank (Winding Down)	—	—	—	—	159	46	—	46
Public Building Authority (PBA)	—	127	—	127	—	100	—	100
Puerto Rico Aqueducts and Sewers Authority (PRASA)	—	—	—	—	1,351	851	—	851
Puerto Rico Electric Power Authority (PREPA)	—	—	—	—	2,998	1,332	—	1,332
Puerto Rico Highways and Transportation Authority (HTA) ⁽¹⁾	—	67	—	67	797	413	—	413
Puerto Rico Sales Tax Financing Corporation (COFINA)	—	—	—	—	438	676	—	676
University of Puerto Rico (UPR) ⁽²⁾	560	—	—	560	837	618	18	600
Total	\$569	\$232	—	\$801	\$6,580	\$5,111	\$27	\$5,084

Note: FY20 Budget represents appropriations from the Commonwealth. Does not include direct federal funding.

(1) HTA to receive a SRF appropriation from the Commonwealth of \$67mm in FY20. Amount is held in a treasury custody account.

(2) UPR receives ~\$304mm in federal receipts per year (June 3, 2019 fiscal plan). UPR balance includes both segregated retirement accounts, bond funds held with trustees, and funds for operations. As of 6/30/19, UPR had 67 days of FY19 budget expenditures in unrestricted cash balances, in line with comparably rated universities.

(3) Includes \$214mm in Hacienda account restricted for ERS creditors.



B Public Corporations Receiving General Funds

(\$ in millions)

Entity	FY2020 Commonwealth Budget				Total Cash	Working Capital Estimate	Potential	Implied
	General Fund	Special Revenue Fund	Federal Funds	Total			Unrestricted Cash	Restricted Cash
Agricultural Enterprises Development Administration (ADEA) ⁽¹⁾	\$65	\$60	—	\$126	\$79	(\$10)	\$43	\$36
Center for Research, Education and Services Medical Care and Diabetes	0	0	—	1	1	(0)	0	0
Company for the Integral Development of the "Península de Cantera"	0	1	1	2	1	(0)	0	1
Corporation for the "Caño Martín Peña" Enlace Project	10	4	0	15	13	(1)	10	2
Fine Arts Center Corporation	3	3	—	6	4	(0)	3	1
Fiscal Agency & Financial Advisory Authority ⁽²⁾	104	—	—	104	58	—	—	58
Institute of Puerto Rican Culture	15	0	1	16	6	(0)	5	0
Local Redevelopment Authority of the Lands	1	1	1	3	2	(0)	1	1
Medical Services Administration of Puerto Rico ⁽³⁾	72	113	—	184	49	(19)	4	45
Musical Arts Corporation	5	2	—	8	6	(0)	5	0
Puerto Rico Conservatory of Music Corporation	5	4	—	9	2	(1)	1	1
Puerto Rico Health Insurance Administration	917	364	1,661	2,942	284	(337)	—	284
Puerto Rico Housing Finance Corporation	8	30	159	197	79	(31)	8	70
Puerto Rico Infrastructure Financing Authority	2	6	—	8	300	(1)	2	298
Puerto Rico Integrated Transit Authority	54	38	15	107	15	(9)	7	9
Puerto Rico Public Private Partnership Authority	13	—	155	169	31	(26)	5	26
Puerto Rico Public Broadcasting Corporation	7	2	2	11	3	(1)	2	1
Puerto Rico School of Plastic Arts	2	2	—	5	4	(0)	2	1
Solid Waste Authority	3	1	—	4	12	(0)	3	9
Trade & Export Company	1	13	0	14	15	(2)	1	14
University of Puerto Rico Comprehensive Cancer Center	15	27	4	46	29	(5)	15	14
Total	\$1,305	\$670	\$2,001	\$3,975	\$991	(\$445)	\$119	\$871

(1) Includes \$26.1mm of restricted cash.

(2) Elimination of excess cash due to likely use for professional fees and other budgeted uses.

(3) Includes \$26.2mm of restricted cash.



C Public Corporations NOT Receiving General Funds

(\$ in millions)

Entity	FY2020 Commonwealth Budget				Total Cash	Working Capital Estimate	Potential	Implied
	General Fund	Special Revenue Fund	Federal Funds	Total			Unrestricted Cash	Restricted Cash
Agricultural Insurance Corporation	—	\$3	—	\$3	\$7	(\$1)	—	\$7
Automobile Accidents Compensation Administration	—	87	—	87	140	(14)	—	140
Cardiovascular Center Corporation of Puerto Rico and the Caribbean	—	72	—	72	14	(12)	—	14
Convention Center of District Authority	—	28	—	28	14	(5)	—	14
Economic Development Bank of PR	—	12	—	12	126	(2)	—	126
Institutional Trust of the National Guard of Puerto Rico	—	7	—	7	42	(1)	—	42
Land Authority	—	23	—	23	19	(4)	—	19
Land Authority of Puerto Rico	—	8	—	8	14	(1)	—	14
Model Forest Of Puerto Rico (CLOSED)	—	—	—	—	0	—	—	0
Municipal Finance Corporation (COFIM)	—	130	—	130	138	(22)	—	138
Puerto Rico Industrial Development Company	—	42	0	42	59	(7)	—	59
Puerto Rico Municipal Finance Agency	—	—	—	—	282	—	—	282
Puerto Rico Ports Authority	—	136	55	190	37	(32)	—	37
Puerto Rico Tourism Company	—	105	—	105	135	(17)	—	135
Puerto Rico Tourism Development Fund	—	—	—	—	11	—	—	11
State Insurance Fund Corporation	—	453	—	453	180	(76)	—	180
Teacher's Retirement System	—	16	—	16	150	(3)	—	150
The Children's Trust	—	—	—	—	12	—	—	12
Total	—	\$1,121	\$55	\$1,176	\$1,381	(\$196)	—	\$1,381



D Commonwealth Agencies

(\$ in millions)

	Restricted								Unrestricted	Total
	Court Order	Emergency	Federal Funds	Federal Law	Third Party	Bond Funds	Third Party Contract	Inconclusive		
Commonwealth:										
TSA	—	\$520	\$659	—	—	—	—	—	\$6,099	\$7,278
Hacienda ⁽¹⁾	22	—	114	—	538	34	—	10	415	1,132
Commonwealth Subtotal	\$22	\$520	\$773	—	\$538	\$34	—	\$10	\$6,514	\$8,410
Agencies:										
911 Emergency System Bureau	—	—	—	\$23	—	—	—	—	—	\$23
Child Support Administration	—	—	—	—	58	—	—	—	—	58
Department of Education	—	—	—	—	—	—	—	—	23	23
Department of Labor ⁽²⁾	—	—	—	687	37	—	—	—	104	828
Electronic Lottery ⁽¹⁾	—	—	—	—	72	—	—	—	—	72
Office of Court Administration	—	—	—	—	289	—	—	—	44	334
Office of Legislative Services	—	—	—	—	—	—	—	—	16	16
Public Housing Administration	—	—	433	—	—	—	50	—	—	483
Puerto Rico Police Bureau	—	—	—	—	—	—	—	—	19	19
Telecommunications Regulatory Board	—	—	—	15	—	—	—	—	—	15
Traditional Lottery ⁽¹⁾	—	—	—	—	75	—	—	—	—	75
Other	—	—	—	—	—	—	—	—	30	30
Agencies Subtotal	—	—	\$433	\$725	\$531	—	\$50	—	\$235	\$1,975
Total	\$22	\$520	\$1,206	\$725	\$1,069	\$34	\$50	\$10	\$6,749	\$10,385

(1) Funds in the Lottery accounts hold both operational funds for the lottery as well as prize money.

(2) Includes funds collected from private employers for disabilities benefit fund. FOMB and AAFAF continuing to diligence restriction.



D Treasury Single Account Federal Funding

- The TSA is a conduit for many reimbursement-based and advance-based federal programs for central government agencies
 - The working capital reserve accounts for potential timing differences for these programs
 - The working capital reserve does not account for unspent FEMA, NAP, and Medicaid funds in the TSA
- The process to reconcile Federal Fund TSA activity is ongoing and the below represents a preliminary view on the major federally funded programs where the TSA acts as a conduit to distribute Medicaid funding to ASES, Nutritional Assistance funding to the Department of Family, and FEMA funding to various central government agencies
 - The TSA receives the funding and then distributes, meaning the TSA will be in a net surplus position for these programs
 - To the extent the TSA is overfunded in any period, future distributions from the Federal Government would be reduced, meaning there are no permanent excess funds in the TSA

(\$ in millions)

					Estimated Range		
	FY17	FY18	FY19	Total	Low	Mid	High
<u>Inflows:</u>							
Nutritional Assistance Program (NAP) ⁽¹⁾	2,040	2,344	2,897	7,281	7,281	9,321	13,401
Medicaid (ASES) ⁽²⁾	1,735	1,894	2,924	6,553	6,553	8,288	11,757
Disaster spend ⁽³⁾	–	107	1,461	1,568	1,568	1,568	1,568
<u>Outflows:</u>							
Nutritional Assistance Program (NAP) ⁽¹⁾	(2,010)	(2,289)	(2,810)	(7,109)	(7,109)	(9,119)	(13,140)
Medicaid (ASES) ⁽²⁾	(1,721)	(1,712)	(2,693)	(6,126)	(6,126)	(7,847)	(11,289)
Disaster spend ⁽³⁾	–	(108)	(1,353)	(1,461)	(1,461)	(1,461)	(1,461)
<u>Surplus / (Deficit):</u>							
Nutritional Assistance Program (NAP) ⁽¹⁾	\$30	\$55	\$87	172	\$172	\$201	\$231
Medicaid (ASES) ⁽²⁾	14	182	231	426	276	351	426
Disaster spend ⁽³⁾	–	(1)	108	106	106	106	106
Total	\$44	\$236	\$425	\$704	\$554	\$659	\$764

(1) NAP funding is advanced to the TSA and then sent to the Dept of Family. There's typically a week lag in funding. As NAP funding has grown, the surplus in the TSA has as well. Low = cumulative FY17 - FY19; Mid = Low + additional \$30M (FY17 amount) for prior year; Higher = Low + additional \$60M for prior years

(2) The TSA receives Medicaid funding from the Federal Government and then distributes it to ASES as a reimbursement for MCO premiums paid by ASES. The temporary build in Medicaid funds at the TSA is likely due to the Commonwealth's transition to the new health care model in 2019 and delayed reconciliation between CMS and ASES with respect to enrollment.

(3) Disaster spend started in FY18 and the TSA currently has received FEMA funding of \$106M that has not been disbursed to end recipients.



E Plan of Adjustment Not Reviewed

(\$ in millions)

Office of Court Administration	\$61
Department of Economic Development and Commerce	25
Public Housing Administration	16
Department of Treasury	13
Child Support Administration	12
Department of Labor and Human Resources	12
Department of Housing	12
Puerto Rico Energy Commission	12
Superintendent of the Capitol	6
Senate	5
Government Ethics Office	4
Statistics Institute of PR	4
Socioeconomic Development of the Family Administration	2
Department of Correction and Rehabilitation	1
Department of Sports and Recreation	1
Department of Education	1
Puerto Rico Education Council	1
Office of the Solicitor - Special Independent Prosecutor	1
Family and Children Administration	1
Independent Consumer Protection Office	1
Other	2
Total	\$190

